

PUBLIC DISCLOSURE

MARCH 30, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WEMELCO CREDIT UNION

**300 CADWELL DRIVE
SPRINGFIELD, MA 01104-1732**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Division of Banks (or the "Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income individuals, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Wemelco Credit Union** (or the "Credit Union") prepared by the Division, the institution's supervisory agency, as of **March 30, 2009**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The assessment of Wemelco Credit Union's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates.

The Credit Union has defined its membership as its assessment area, as opposed to a geographic area, an evaluation of credit extended within defined geographic areas was not conducted, as such an analysis would not be meaningful. Therefore, this evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership; providing loans to individuals of various incomes, including low to moderate-income members; and the Credit Union's fair lending performance.

The Credit Union's average net loan-to-share ratio for the period was calculated at 25.3 percent and meets the standards for satisfactory performance at this time.

An analysis of the Credit Union's lending activity by borrower income revealed that the Credit Union's distribution of real estate secured and consumer loans to borrowers of different income level is reasonable and is representative of the membership.

The Credit Union's fair lending performance is also considered to meet the standards of satisfactory performance.

PERFORMANCE CONTEXT

Description of Institution

Wemelco Credit Union is a Massachusetts state-chartered credit union. Incorporated on September 21, 1923, the Credit Union was established as an industrial credit union for employees, former employees and retirees of the Western Massachusetts Electric Company and affiliated companies and their families. The objective of the Credit Union is wholly cooperative, being organized solely for the promotion of thrift among its members by the accumulation of their savings in small amounts and the loaning of such accumulations to its members for provident purposes at a moderate rate of interest.

The Credit Union's sole office is located at 300 Cadwell Drive, Springfield, Massachusetts. Office hours are Monday, Tuesday, Thursday and Friday, 8:00 a.m. to 4:00 p.m. and Wednesday, 10:00 a.m. to 4:00 p.m.

Some products and services the Credit Union offers are: share accounts, N.O.W. checking accounts, money market savings accounts, certificates of deposit, new and used auto loans, first and second home mortgage loans, home equity lines of credit, and unsecured loans. Additionally, the Credit Union offers members a variety of services including: direct deposit, wire transfers, automatic payroll deduction, free telephone banking and free online banking. In January 2009, the Credit Union opened its first Automated Teller Machines (ATM) located at the ISO New England in Holyoke. Since the Credit Union only has one ATM, it offers ATM cards with access to Primary Share and N.O.W. checking and eight (8) free transactions per month. The Credit Union is a member of the SUM Network. SUM is a selective surcharge program designed to help consumers minimize costs associated with using their ATM cards to make withdrawals.

According to the Credit Union's December 31, 2008 National Credit Union Administration ("NCUA") Call Report of Condition, the Credit Union's assets total \$33,909,458. Total loans as of this date were \$7,544,375, or 22.2 percent, of total assets. The Credit Union's primary loan base is comprised of new vehicle loans, which represent approximately 30.0 percent of the Credit Union's loan portfolio. The next largest segment is other real estate loans at 26.6 percent, followed by first mortgage real estate loans at 23.5 percent. The following table depicts the Credit Union's loan portfolio composition.

Loan Portfolio Distribution as of December 31, 2008		
Loan Type	Dollar Amount (\$)	Percentage of Total Loans (% of \$)
New Vehicle Loans	2,260,608	30.0
Total Other Real Estate Loans/Lines of Credit	2,009,874	26.6
Total First Mortgage Real Estate Loans/Lines of Credit	1,776,416	23.5
Unsecured Credit Card Loans	627,118	8.3
Used Vehicle Loans	506,619	6.7
All Other Unsecured Loans/Lines of Credit	274,350	3.6
Total All Other Loans/Lines of Credit	89,390	1.2
Total Loans and Leases	7,544,375	
Less: Allowance for Loan and Lease Losses	(34,183)	0.1
Total:	7,510,192	100.0

Source: NCUA CALL Report of Condition

Description of Institution (Continued)

Other than its small asset size and limited resources, there appear to be no significant financial or legal impediments which would limit the Credit Union's ability to help meet the credit needs of its membership.

The Division last examined the Credit Union for compliance with the CRA on October 2, 2002. That examination resulted in a CRA rating of "Satisfactory."

Description of Assessment Area

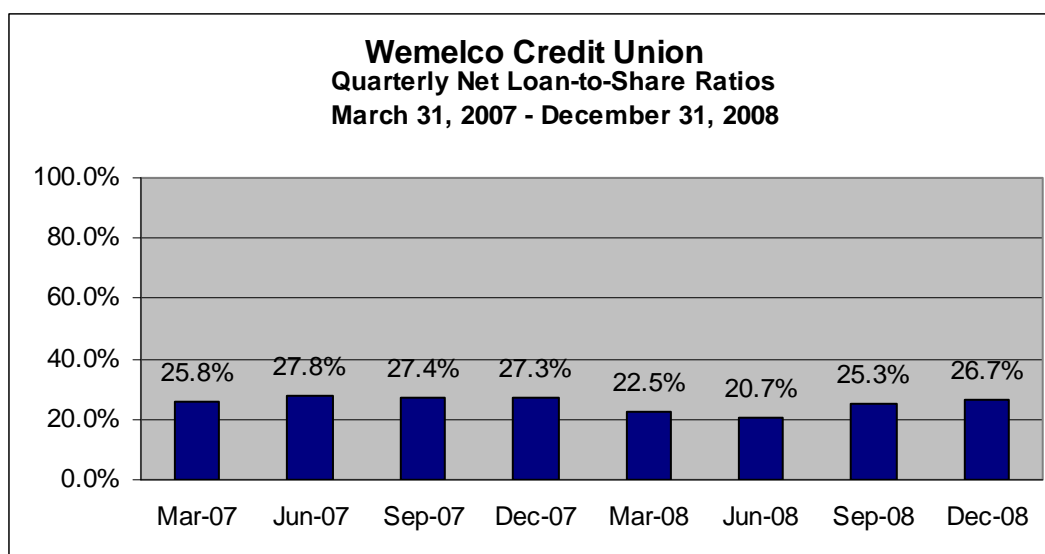
In accordance with the requirements of 209 CMR 46.41(8), the Credit Union defines its membership as its assessment area. According to the Credit Union's by-laws "membership in this Corporation is limited to those who are employees or retirees of the Western Massachusetts Electric Company or affiliated companies (for purposes hereof any corporation with more than 51% of the outstanding stock of which is owned by Northeast Utilities shall be deemed affiliated with Western Massachusetts Electric Company), employees or retirees of the Wemelco Credit Union and their family members, and former employees of Western Massachusetts Electric Company or affiliated Companies and the Wemelco Credit Union, who were in good standing at the time of termination. Persons not eligible for membership may have joint accounts with members of the Credit Union for the purpose of deposit and withdrawal only. Family members eligible for membership shall be individuals who are related as father, mother, son, daughter, brother, sister, husband, wife, aunt, uncle, niece, nephew, grandfather, grandmother, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister." As of May 30, 2008, the Credit Union has 2,305 members.

PERFORMANCE CRITERIA

LOAN TO SHARE ANALYSIS

This criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. A comparative analysis of the Credit Union's quarterly net loan-to-share ratios, for the period of March 31, 2007 through December 31, 2008, was conducted during this examination. Using the Credit Union's quarterly Call Reports, the average net loan-to-share ratio for this period was 25.3 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares.

As shown in the graph below, the Credit Union's loan-to-share ratio has fluctuated from a high of 27.8 percent in June 2007 to a low of 20.7 percent in June 2008. Net loans have decreased 4.8 percent and shares have decreased by 8.0 percent during this time period.



The Credit Union's net loan-to-share ratio as of December 31, 2008, was compared to three comparable credit unions of similar asset size; the institutions were evaluated in forming conclusions about the appropriateness of the Credit Union's loans-to-shares. The following table provides net loans-to-share ratios; the ratios shown are calculated from NCUA Call report figures as of December 31, 2008.

COMPARATIVE LOAN TO SHARE RATIOS		
Credit Union	Asset Size	LTS
Pioneer Valley	\$40,528,925	80.0%
Chicopee Municipal Employees	\$39,516,052	37.9%
Wemelco	\$33,909,458	26.7%
West Springfield	\$23,331,991	39.5%

As displayed in the table above, the Credit Union's loan-to-share was lower than the three similarly situated institutions. Given the Credit Union's size, financial condition, community credit needs and the increasing trend in the loan-to-share ratios, the loan-to-share ratio appears adequate. Therefore, the Credit Union meets the standards for satisfactory performance for this category.

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's real estate secured lending activity as well as a sample of consumer loans for calendar years 2007 and 2008 were analyzed in order to determine the distribution of credit based upon the income level of the borrowers. The residential loan sample consisted of first mortgages, second mortgages and home equity lines of credit. The consumer loan sample consisted of new and used vehicle loans and unsecured consumer loans. The borrower income analysis was based on the median family incomes for the Springfield MSA for 2007, which was estimated to be \$61,800 and the Pittsfield MSA estimated to be \$62,800. In 2008, the Springfield MSA median family income was estimated to be \$64,800 and the Pittsfield MSA was \$64,800.

The four income categories that define the income level of borrowers include low, moderate, middle and upper-income. The analysis of borrower income level was identified as the ratio of borrower income to the Median Family Income for the Metropolitan Statistical Area ("MSA") or MD.

As defined by the U.S. Department of Housing and Urban Development (HUD), low-income is defined as income level or area that earns less than 50 percent of the MSA's median family income. Moderate-income is defined as income level or area that earns 50 percent to less than 80 percent of the MSA's median family income. Middle-income is defined as income level or area that earns 80 percent to less than 120 percent of the MSA's median family income, while Upper-income is defined as income level that is equal to or greater than 120 percent of the MSA's median family income.

Residential Lending

A review of 5 loans for 2007 and 16 loans for 2008 was conducted to determine the borrower's income level. Of the 5 loans for 2007, no loans were originated to low- or moderate-income members, 1 loan or 20.0 percent were originated to middle-income members and 4 loans or 80.0 percent were originated to upper income members. Of the 16 loans for 2008, 1 loan or 6.3 percent was originated to low-income members, there were no loans originated to moderate-income members, 4 loans or 25.0 percent were originated to middle-income members, and 11 loans or 68.7 percent were originated to upper income members. Upper-income members accounted for the highest proportion of residential loans. In discussions with management it was noted that the strong penetration in this borrower income category is not unexpected as the majority of members are upper-income.

Based upon the analysis of borrower income, the Credit Union demonstrates a satisfactory level of performance in providing loans to borrowers of different incomes and meets the standards for satisfactory performance.

Consumer Lending

A review of 50 consumer loan files from 2007 and 2008 was conducted to determine the borrower's income level. The sample included 25 loan originations from 2007 and an additional 25 loans from 2008. In 2007, the Credit Union did not originate any loans to low-income members, but did originate 5 loans or 20.0 percent to moderate-income members, 5 loans or 20.0 percent to middle-income members and 15 loans or 60.0 percent to upper-income members. In 2008, the Credit Union originated 1 loan or 4.0% to low-income members; 3 loans or 12.0 percent to moderate-income members, 9 loans or 36.0 percent to middle-income members and 12 loans or 48.0 percent to upper-income members.

Consumer Lending (Continued)

During the two years under review, the sample indicated the Credit Union's consumer loan originations were distributed among low-, moderate-, middle-, and upper-income members. Of the 50 loans sampled, 9 loans representing 18.0% were granted to low- and moderate-income members, 14 loans or 28.0 percent were originated to middle-income members and 27 loans or 54.0 percent were originated to upper-income members.

Based upon the analysis of borrower income, the Credit Union demonstrates a satisfactory level of performance in providing loans to borrowers of different incomes.

REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the Credit Union's performance relative to fair lending policies and practices, the institution meets the standards for satisfactory performance.

Review of Complaints

The Credit Union received no complaints pertaining to its CRA performance since the previous examination.

Fair Lending Policies and Practices

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

The following information details Wemelco Credit Union's fair lending performance as it relates to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101.

The Credit Union's staff has not received any formal training relative to fair lending. The Credit Union employs 5 full-time and 1 part-time employees. The Credit Union offers first and second mortgages, home equity lines of credit, home improvement loans, automobile loans, and unsecured personal loans.

The Credit Union's Loan Policy prohibits discrimination against all the prohibited classes listed under the Equal Credit Opportunity Act (ECOA).

Denied mortgage and consumer loans are subject to review by the Loan Officers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 300 Cadwell Drive, Suite 2, Springfield, MA 01104-1732."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.